

ORDINANCE NO. \_\_\_\_\_, SERIES 2007

**AN ORDINANCE TO CREATE NEW SECTIONS OF CHAPTER 37 OF THE LOUISVILLE/JEFFERSON COUNTY METRO CODE OF ORDINANCES (“LMCO”) TO DEVELOP A REPORT THAT IDENTIFIES METRO GOVERNMENT’S FUNCTIONS, SERVICES OR ACTIVITIES AND THEIR ASSOCIATED COSTS.**

**SPONSORED BY: Councilman Ken Fleming, District 7  
Councilwoman Tina Ward-Pugh, District 9**

**WHEREAS**, the legislative council of Metro Government (“Metro Council”) through its audit and investigative powers, as prescribed by KRS 67C.103(13)(f), wishes to determine what are the programs within each function, service, and activity engaged in by Metro Government; and

**WHEREAS**, the Metro Council seeks to further determine whether any efficiencies and/or cost savings can be achieved by reviewing and improving current processes in the delivery of services; and

**WHEREAS**, as part of this process, the Metro Council would like to identify similar services that may be available from the private sector or third party providers for the purposes of comparison; and

**WHEREAS**, each department currently provides in the annual operating budget program descriptions, direct annual activity budgets, prior year actual costs and personnel numbers; and

**WHEREAS**, the Metro Council seeks to determine the total cost and full-time equivalents of each department’s programs; and

**WHEREAS**, the Metro Council would ultimately hope to reinvest any cost savings to create new or supplement existing programs or agencies for the betterment of all citizens of Louisville Metro; and

**WHEREAS**, given the uncertainty of future federal and state funding for Metro Government programs, Metro Government must be more self-reliant.

**NOW, THEREFORE, BE IT ORDAINED BY THE METRO COUNCIL AS FOLLOWS:**

**SECTION 1. DEFINITIONS.**

- 1) "Metro Government or Governmental function, service or activity" means any function, service or activity that is performed by the Metro Government and its agencies.
- 2) "Fair Cost Comparison" means the accounting and use of all costs from all funding sources, including indirect and direct, that are associated with a program's operating and capital expenditures when comparing costs between in-house, third party providers, and the private sector. In preparation of accounting, Metro Government shall consider utilizing cost principles promulgated by the Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments so as to assure that all direct and indirect costs are included appropriately. In addition, any item cost that is in contained in either the program cost or third party cost that is not also included in one or the other's overall cost shall be disclosed.
- 3) Metro Government department "program" means one or more individuals performing a task to deliver, maintain, offer, execute, extend, or tender a service to the public or interdepartmentally.
- 4) "Interested party" means the following:
  1. An officer or employee of an organization within Metro Government that is an actual or prospective offeror to perform a Metro Government activity;

- b. a representative of any business or professional association that includes within its membership private sector sources referred to above; or
  - c. A private sector source that:
    - 1. is an actual or prospective offeror for any contract, or other form of an agreement to perform a Metro Government function; or
    - 2. has a direct economic interest in performing a Metro Government function and who may be adversely affected by a Metro Government determination not to procure the performance for such activity from private sources; or
  - d. a member of the general public.
- 5) "Commercial function, service or activity" means any function, service or activity that is provided by the private sector or third party which is also provided by Metro Government.
- 6) "Function, service and activity" are interchangeable terms.

## **SECTION 2. REPORT TO DETAIL THE PROCESS TO IDENTIFY METRO GOVERNMENT FUNCTIONS.**

- 1) The Metro Council shall request a report from the Mayor regarding each Department to include but not be limited to the following:
- a. The name and description of each program performed by a Department, full-time equivalents performing this program, and the current or projected total annual program cost or budget (i.e., direct and indirect costs, operating and capital expenses), and the per unit cost. The descriptions of the program may be as provided in the current operating budget, if applicable. The report shall provide: (1) direct and indirect costs, (2) the

accounting basis used for the report, (3) the process in determining the program's per unit cost, and (4) the definition of the program's per unit cost.

- b. A fair cost comparison of the program being performed by Metro Government to a similar commercially available service or activity from a third party or private sector. A description of the commercially available service shall be included along with the cost of the service, if available, either by using industry standards or by other resources. If a Metro Government program is not commercially available, the cost of the Metro Government program shall be listed with its associated cost and indicate that third party services are unavailable
- 2) The request for the report shall be effective immediately upon passage of this ordinance with the requested reporting being submitted to the Metro Council no later than the end of the third quarter of Fiscal Year 2007 – 2008. However, each Department's report may be submitted earlier. If the requested report is not submitted within the timeframe as set forth above, the Metro Council requests a written explanation as to the delay within 15 days after the aforementioned date, above. Thereafter, the Metro Council requests that this information be updated and submitted as part of each annual budget.
- 3) For any new program being performed by a Department that is established after the effective date of this ordinance, such program shall be subjected to this Ordinance.

**SECTION 3. FINANCIAL SUPPORT TO IMPLEMENT THE PROCESS OF IDENTIFYING METRO GOVERNMENT FUNCTIONS.**

- (1) The Metro Council may seek funding to assist in developing the report, as described in Section 2, above. In addition, if the Metro Government deems the necessity to contract with the private sector for assistance in the development of this report, as described in Section 2, then Metro Government shall adhere to KRS 45A363 to 45A.460 in procuring such services.
- (2) The Metro Council, under its authority, may limit or withhold funding for any program being provided or performed by a Metro Government agency, if Section 2, as set forth above, is not completed.

**SECTION 4. THE REPORT OF METRO GOVERNMENT ACTIVITIES TO BE PUBLISHED FOR PUBLIC COMMENT.**

The report regarding the Metro Government activities, as created by Section 2 herein, may be made available by the appropriate Metro Government department to all interested parties for their comment for a period of 120 days after the issuance of the report.

**SECTION 5. EFFECTIVE DATE.**

This ordinance shall take effect upon its passage and approval.

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Kathleen J. Herron  
Metro Council Clerk

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Rick Blackwell  
President of the Metro Council

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Jerry E. Abramson  
Mayor

Approved: \_\_\_\_\_  
Date

**APPROVED AS TO FORM AND LEGALITY:**

Irv Maze  
Jefferson County Attorney

BY: \_\_\_\_\_  
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